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## Thailand: Background and U.S. Relations

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# Thailand: Background and U.S. Relations

## Summary

U.S.-Thailand relations are of particular interest to Congress because of Thailand's status as a long-time military ally, a key country in the war against terrorism in Southeast Asia, and a significant trade and economic partner. A proposed U.S.-Thailand Free Trade Agreement (FTA) would require implementing legislation to take effect. However, the recent ouster of Prime Minister Thaksin Shinawatra by a military coup has cast uncertainty on how these U.S. priorities will fare in the near future. Future U.S.-Thai relations will likely depend upon how quickly the military rulers fulfill their promise to restore democratic rule.

Despite differences on Burma policy and human rights issues, shared economic and security interests have long provided the basis for U.S.-Thai cooperation. Thailand contributed troops and support for U.S. military operations in both Afghanistan and Iraq and was designated as a major non-NATO ally by President Bush in December 2003. Thailand's airfields and ports play a particularly important role in U.S. global military strategy, including having served as the primary hub of the relief effort following the 2004 Indian Ocean tsunami. The high-profile arrest of radical Islamic leader Hambali in a joint Thai-U.S. operation in 2003 underscores Thailand's role in the U.S.-led war on terrorism. The U.S.-Thai bilateral trade total is \$25 billion; Thailand is the United States's 19<sup>th</sup> largest trading partner.

Until the political turmoil of 2006, Thaksin and his populist Thai Rak Thai party had consolidated broad control of Thai politics. Before his ouster, opposition parties and international watchdog organizations had criticized his strongman style as a threat to Thailand's democratic institutions. Thaksin's response to a counterinsurgency in the southern majority-Muslim provinces also came under fire. A series of attacks by insurgents, which has reportedly claimed over 1,700 lives since January 2004, has renewed concerns about both indigenous and, potentially, transnational terrorism in the country. The new government now faces the challenge of dealing with the ongoing unrest.

With its favorable geographic location and broad-based economy, Thailand is among the most likely countries to play a major leadership role in Southeast Asia and has been an aggressive advocate of increased economic integration in the region. A founding member of the Association of Southeast Asian Nations (ASEAN), Thailand maintains close ties with China, has reached out to India, and is pursuing FTAs with a number of other countries. Given its ties with the United States, Thailand's stature in the region may affect broader U.S. foreign policy objectives and prospects for further multilateral economic and security cooperation in Southeast Asia. In the context of the Pentagon's transformation and realignment initiatives, current logistical facilities in Thailand could become more important to U.S. strategy in the region. This report will be updated periodically.

## **Contents**

Most Recent Developments: Military Coup Ousts Thaksin .....	1
U.S. Response .....	2
Political Upheaval Preceding Coup .....	2
A Royal Endorsement .....	2
Violence in the Southern Provinces .....	3
Central Government Response Under Thaksin .....	3
A New Approach From Bangkok? .....	4
Degree of Foreign Involvement Uncertain .....	5
Background: Thailand Politics and Government .....	5
Thaksin's Consolidation of Power .....	6
Thaksin's Support Falters .....	6
Political Crisis Deepens .....	6
Concern About Eroding Democracy Under Thaksin .....	6
U.S.-Thailand Political and Security Relations .....	7
Support for Recent U.S. Operations .....	8
U.S.-Thai Partnership Elevated .....	9
Asia Pacific Military Transformation .....	9
Bilateral Security Cooperation .....	9
Security Assistance .....	9
Military Exercises .....	10
Training .....	10
Counter-Narcotics .....	11
Human Rights Concerns .....	11
U.S.-Thailand Trade and Economic Relations .....	11
A Difficult Road for U.S.-Thailand FTA Negotiations .....	12
An Aggressive FTA Strategy .....	12
Thailand in Asia .....	13
Growing Ties with China .....	13
Divergence with United States on Burma (Myanmar) Policy .....	15
ASEAN Relations .....	16
Regional Health Issues .....	16
AIDS .....	16
SARS .....	17
H5N1 (Avian Flu) Virus .....	17
<b>List of Figures</b>	
Figure 1. Map of Thailand .....	19

## **List of Tables**

Table 1. U.S. Assistance to Thailand 2003-2007 .....	18
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# Thailand: Background and U.S. Relations

A long-time American ally in Asia, Thailand has continued to pursue close ties to the United States as the political landscape of the region has evolved. Solidified during the Cold War, the U.S.-Thai relationship strengthened on the basis of shared economic and trade interests and was further bolstered since the September 11, 2001 attacks by a common commitment to fight terrorism in Southeast Asia. At the same time, Thailand enjoys a strong economic and political relationship with China, positioning itself as a potential battleground for influence in the region.

Thailand has been a significant partner for the United States and an important element of U.S. strategic presence in the Asia-Pacific. Designated as a major non-NATO ally in 2003, Thailand contributed troops and support for U.S. military operations in both Afghanistan and Iraq. Thailand has been an active partner in the U.S.-led war on terrorism, a role highlighted by the high-profile 2003 arrest of a radical Islamic leader in a joint Thai-U.S. operation. Until the September 2006 military coup, other bilateral cooperation on transnational issues such as narcotics trafficking reinforced Thailand's standing as a primary partner of the United States in maintaining stability in Southeast Asia. With the suspension of U.S. military aid to Thailand, that cooperation is largely on hold.

The start of negotiations in June 2004 for a U.S.-Thailand Free Trade Agreement (FTA) marked Thailand's possible entry into the expanding American web of trade pacts with political allies. The United States and Thailand exchanged \$25 billion in total trade in 2005, a figure that was expected to rise if a proposed free trade agreement (FTA) could be successfully concluded. However, FTA negotiations had already been difficult, and they were suspended following a political crisis that erupted in April 2006. Following the coup, U.S. officials said that the FTA could not go forward without a return to democratic rule. Including Thailand for FTA consideration follows a pattern of linking FTA negotiating status with support for U.S. foreign policy and national security goals that former U.S. Trade Representative Robert Zoellick noted in a 2003 address.<sup>1</sup> In Asia and Oceania, the United States has concluded FTAs with Australia and Singapore, also strong political allies who have supported U.S. efforts in the war on terrorism.

## **Most Recent Developments: Military Coup Ousts Thaksin**

On September 19, 2006, Royal Thai Army Commander-in-Chief Sonthi Boonyaratglin led a bloodless military coup in Bangkok, ousting the democratically-

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<sup>1</sup> See CRS Report RS21657, *U.S. Trade Policy and Changing Domestic and Foreign Priorities: A Historical Overview*, by Raymond J. Ahearn.

elected Prime Minister Thaksin and declaring martial law. Thaksin, in New York for the United Nations General Assembly, flew to London and indicated he would not fight the takeover. Following the coup, no violence was reported, and business appeared to return to normal in Bangkok. The coup was the 18<sup>th</sup> since the formation of the constitutional monarchy in 1932, but the first in 15 years.

The new leaders formed the Council for Democratic Reform (CDR), later changing the name to the Council for National Security. On October 1, the rulers appointed former Army commander Surayud Chulanont to serve as the interim prime minister, but reserved the power to remove him and his cabinet, as well as have final say over the 100-member committee that will be tasked with reforming the 1997 constitution. The rulers have pledged to hold regular elections within a year.

**U.S. Response.** On September 28, 2006, the U.S. State Department announced the suspension of several assistance programs under Section 508<sup>2</sup> of the Foreign Operations Appropriations Act (P.L. 109-102): Foreign Military Financing (FMF, for defense procurement), International Military Education Training funds (IMET, provides training to professionalize the Thai military), and peace-keeping operation programs. Also suspended were funds for counterterrorism and other U.S.-participating operations appropriated under Section 1206 of the National Defense Authorization Act for FY2006. The suspended programs total nearly \$24 million, which includes unexpended funds from FY2006 and earlier years. Under Section 508, the funds can be reinstated once democratic rule is restored. Other programs deemed to be in the U.S. interest will continue, according to the State Department. After Surayud was appointed, U.S. Ambassador Ralph Boyce was the first foreign diplomat to meet with him.

**Political Upheaval Preceding Coup.** The coup followed eight months of political turmoil. Widespread protests against Thaksin, mostly focused on the tax-free sale of his family's telecommunications firm to a Singaporean government holding company, led Thaksin to call for a new round of parliamentary elections in April 2006. After a less-than-convincing victory by his Thai Rak Thai (TRT) party in an election boycotted by the opposition, Thaksin resigned, then quickly stepped back into power as a "caretaker" prime minister. After Thailand's king called for the courts to resolve the crisis, the Constitutional Court ruled the elections invalid, and new elections were set for November. Despite widespread discontent with Thaksin among the country's middle class and urban dwellers, Thaksin's strong support in rural areas was expected to propel the TRT to a win in the elections. In the months leading up to the coup, the uncertainty of the future of Thai politics shook foreign investors' confidence and raised doubts about the durability of Thailand's young democratic institutions.

**A Royal Endorsement.** The revered King Bhumibol reportedly endorsed the takeover after it occurred: in a statement, he appointed Sonthi as head of the

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<sup>2</sup> Sec. 508 reads: None of the funds appropriated or otherwise made available pursuant to this Act shall be obligated or expended to finance directly any assistance to the government of any country whose duly elected head of government is deposed by military coup or decree.

temporary council “in order to create peace in the country.”<sup>3</sup> The king has generally been seen as a supporter of democratic governments in Thailand, but he had reportedly clashed with Thaksin through his proxies, particularly former Prime Minister General Prem Tinsulanonda, the chairman of the King’s Privy Council. In late 2005, the king and Prem vetoed Thaksin’s choice for the commander of the Army and instead appointed Sonthi, an unusual use of a royal power to overrule the politicians’ choice. Many credit the king with providing stability in the political process because of his overwhelming popularity, but some observers are concerned that the patriarch, nearing 80 and in ill health, could die during this period of uncertainty. The crown prince is not viewed with the same respect, and some fear the consequences of the loss of the royal anchor.

## **Violence in the Southern Provinces**

Since January 2004, sectarian violence between insurgents and security forces in Thailand’s majority-Muslim provinces has left over 1,700 people dead. The toll includes suspected insurgents killed by security forces, as well as victims of the insurgents: both Buddhist Thais, particularly monks and teachers, and local Muslims. The southern region, which includes the provinces of Yala, Narathiwat, Pattani, and Songkhla, has a history of separatist violence, though the major movements were thought to have died out in the early 1990s. Thai Muslims have long expressed grievances for being marginalized and discriminated against, and the area has lagged behind the rest of Thailand in economic development.

After a series of apparently coordinated attacks in early 2004, the central government declared martial law in the region. A pattern of insurgent attacks — targeted shootings or small bombs that claim a few victims at a time — and counter-attacks by the security forces has developed. The pattern crystallized into two major outbreaks of violence in 2004: on April 28, Thai soldiers killed 108 insurgents, including 34 lightly armed gunmen in a historic mosque, after they attempted to storm several military and police outposts in coordinated attacks; and, on October 25, 84 local Muslims were killed: 6 shot during an erupting demonstration at the Tak Bai police station and 78 apparently asphyxiated from being piled into trucks after their arrest.<sup>4</sup> The insurgents retaliated with a series of more gruesome killings, including beheadings, following the Tak Bai incident. Facing a trend of more sophisticated and coordinated attacks, observers note that such confrontations have led to an increasing climate of fear and division along religious lines.<sup>5</sup>

**Central Government Response Under Thaksin.** The Thaksin government’s handling of the violence was widely criticized as ineffective and

<sup>3</sup> “Thailand Reinterprets the Rules of Democracy, Again,” *International Herald Tribune*. September 21, 2006.

<sup>4</sup> Independent forensic experts said that the men died piled on top of each other with their hands tied behind their backs. See Mydans, Seth, “Thai King Urges Premier to Be More Lenient in the Muslim South,” *New York Times*, November 2, 2004.

<sup>5</sup> Chulalongkorn University professor Panitan Wattanyagorn, quoted in *Christian Science Monitor*. July 20, 2005.

inflammatory. Over 40,000 soldiers and policemen were sent to the region, and Thaksin issued decrees that allowed him to assume emergency powers, including authority to grant immunity to security officials, hold suspects without charge for up to 30 days, and a variety of other extraordinary measures that critics say impinge on civil liberties.<sup>6</sup> The measure was passed and later renewed by the TRT-controlled Parliament. Critics also charge that the Thaksin Administration never put forth a sustained strategy to define and address the problem, repeatedly but arbitrarily shuffled leadership positions of those charged with overseeing the region, and failed to implement adequate coordination between the many security and intelligence services on the ground.<sup>7</sup> Further, measures under the emergency decree and the failure to stop the bloodshed have reportedly bolstered local suspicion of the security forces. Some maintain that such distrust has led to local cooperation with the militants.

In an effort to soften criticism that his policy overly stressed the use of military force, Thaksin approved the formation of the National Reconciliation Commission (NRC), headed by former prime minister Anand Panyarachun, to address the violence. The NRC recommended lifting martial law and criticized the executive decree as ineffective.<sup>8</sup> The chairman of the NRC claimed that the emergency decree provided a “license to kill” for security forces.<sup>9</sup> In a move that may have forced Thaksin to soften his statements, King Bhumibol Adulyadej publicly encouraged him to take a more measured approach.

Multiple international human rights groups expressed concern about Thaksin’s handling of the situation. A January 2006 report by Amnesty International accused the government of unlawful methods, including “arbitrary arrest and detention procedures; torture and ill-treatment of those arrested in relation to the violence; failure to investigate killings and possible ‘disappearances’; and impunity of the security forces under the provisions of the 2005 Emergency Decree.”<sup>10</sup> Human Rights Watch condemned the reported use of “blacklists” of suspected militants to force individuals to attend “re-education camps.”<sup>11</sup>

**A New Approach From Bangkok?** Some analysts have voiced optimism that the new rulers will help ease the crisis in the south. Upon his appointment, interim Prime Minister Surayud identified solving the problems of the South as one of his major priorities. The first Muslim commander of the Army, Sonthi has

<sup>6</sup> “Thai Teachers Become Targets in the South,” *Washington Post*. August 12, 2005.

<sup>7</sup> See “Southern Thailand: Insurgency, Not Jihad,” International Crisis Group Asia Report. May 18, 2005.

<sup>8</sup> “Draconian Powers for Thaksin,” *Economist Intelligence Unit - Business Asia*. July 25, 2005.

<sup>9</sup> “Thailand’s Emergency Decree: No Solution,” International Crisis Group Report. November 18, 2005.

<sup>10</sup> “If You Want Peace, Work for Justice,” *Amnesty International* Report. January 4, 2006. Accessed at [<http://web.amnesty.org/library/Index/ENGASA390012006>].

<sup>11</sup> “Thailand: Blacklists Create Climate of Fear,” Human Rights Watch News. December 17, 2005. Accessed at [<http://hrw.org/english/docs/2005/12/16/thaila12317.htm>].

advocated negotiations with the separatist groups as opposed to the more confrontational strategy pursued by Thaksin. Sonthi favors the implementation of the recommendations made by the NRC and has supported efforts to crack down on abuse by the central government security forces. One exiled separatist leader has called for talks with Sonthi, but analysts stress that the problem will not easily be solved under new leadership.

**Degree of Foreign Involvement Uncertain.** Most regional observers stress that there is no convincing evidence to date of serious Jemaah Islamiyah (JI) involvement in the attacks in the southern provinces. Many experts characterize the movement as a confluence of different groups: local separatists, Islamic radicals, organized crime, and corrupt police forces. They stress, however, that sectarian violence involving local Muslim grievances provides a ripe environment for foreign groups to become more engaged in the struggle. Such experts have warned that outside groups, including JI and other militant Indonesia-based groups, may attempt to exploit public outrage with events like the October 2004 deaths to forge alliances between local separatists and regional Islamic militants.<sup>12</sup> Pictures of Muslim casualties after the 2004 incidents were posted on an Al Qaeda website in an apparent attempt to exploit the conflict. Some analysts believe that the heavy-handed response by the Thai security forces, with the open support of Thaksin, swayed public opinion of the southern population to support the movement.

## Background: Thailand Politics and Government

The Kingdom of Thailand, a constitutional monarchy with a parliamentary form of government, is marked by an important historical dissimilarity from its regional neighbors. Although occupied by Japan during World War II, Thailand was the only country in Southeast Asia that was not colonized by Europeans, and it also avoided the wave of communist revolutions that took control of the neighboring governments of Cambodia, Laos, and Vietnam in the 1960s and 1970s. Thailand followed a troubled path to democracy, enduring a series of mostly bloodless coups and multiple changes of government in its modern history. Although Thailand became a constitutional monarchy in 1932, it was ruled primarily by military dictatorships until the early 1990s. A military and bureaucratic elite controlled Thai politics during this period, denying room for civilian democratic institutions to develop. Brief periods of democracy in the 1970s and 1980s ended with reassessments of military rule. After Thai soldiers killed at least 50 people in demonstrations demanding an end to military dominance of the government, international and domestic pressure led to new elections in 1992. The 2006 coup was the first in 15 years.

Thailand's government is composed of the executive branch (prime minister as head of government and the king as chief of state), a bicameral National Assembly, and the judicial branch of three court systems. Until Thaksin's election in 2001, the Democrat Party dominated Thai politics by instituting a series of reforms that enhanced transparency, decentralized power from the urban centers, tackled corruption, and introduced a broad range of constitutional rights. King

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<sup>12</sup> "Thailand 'The Next Battleground,'" *The Australian*. December 1, 2004.

Bhumibol, who has served since 1946, commands tremendous respect and loyalty from the Thai public and continues to exercise a degree of influence over politics in Thailand.

**Thaksin's Consolidation of Power.** The Thai Rak Thai (TRT) party, formed by Thaksin in 1999, benefitted politically from the devastation of the 1997 Asian financial crisis on Thailand's economy, and the subsequent loss of support for the ruling Democrats. Thaksin's populist platform appealed to a wide cross-section of Thais, and the TRT easily secured a clear majority in the parliament by forming a coalition with a handful of smaller parties. Many analysts contended that Thaksin and his party enjoyed power unprecedented in modern Thai politics.<sup>13</sup> Fueled by positive coverage of Thaksin's response to the tsunami, the TRT won the February 2005 parliamentary elections outright — a first in Thai politics — by capturing 376 of the 500 seats. The main opposition party, the Democrats, captured only 96 seats. Only in the restive South did the Democrats dominate, winning 52 of 54 seats.<sup>14</sup> TRT swiftly dropped its former coalition party and formed a single-party government.

**Thaksin's Support Falters.** Shortly after TRT's impressive victory, however, Thaksin's popularity faltered due to a weak economy in the face of rising oil prices, coverage of a corruption scandal involving Cabinet members, and his failure to stem violence in the South. In December 2005, King Bhumibol publicly admonished Thaksin for refusing to acknowledge criticism. In early 2006, large public demonstrations calling for his ouster gained momentum. The protestors, mostly members of the urban, educated class, were reportedly unhappy with his authoritarian style, perceived attacks on the free press, mishandling of the violence in the southern provinces, and most of all, the tax-free sale of his family's telecommunications firm to a Singapore state company in a \$1.9 billion deal that many suspected was not taxed because of Thaksin's clout.

**Political Crisis Deepens.** To renew his mandate, Thaksin dissolved parliament on February 24, 2006, and called for snap elections. Opposition parties boycotted the April election, drawing 10 million "abstention" ballots to TRT's 16 million votes. As a result, 38 of the parliamentary seats were not filled because of a constitutional stipulation that the winning candidate, even if unopposed, receive at least 20% of the eligible vote. A subsequent by-election also failed to fill the open seats, at which point King Bhumibol called for the Constitutional Court to resolve the political paralysis. The Court ruled the elections invalid but continued to clash with the Thai Election Commission (seen as favorable to the TRT). New elections had been set for November 2006 before the September 19 coup occurred.

## Concern About Eroding Democracy Under Thaksin

During Thaksin's rule, detractors consistently voiced concern that his strongman style threatened Thailand's democratic institutions. Charges of cronyism and

<sup>13</sup> See Ganesan, N. "Thaksin and the Politics of Domestic and Regional Consolidation in Thailand," *Contemporary Southeast Asia*, vol. 26, no. 1 (Apr. 2004).

<sup>14</sup> "Why They All Love Thaksin," *The Economist*, February 12, 2005.

creeping authoritarianism grew increasingly louder as his political power strengthened. Previously independent watchdog agencies reportedly weakened under his watch,<sup>15</sup> and some commentators alleged that Thaksin undermined anti-corruption agencies by installing political loyalists to protect the business interests of his family and members of his cabinet — sometimes one and the same, as Thaksin has a record of appointing relatives and friends to prominent posts.<sup>16</sup> Thaksin insisted that political strength enhances development, citing Singapore's economic success and lack of political opposition as a model for Thailand to follow.<sup>17</sup>

Outside groups warned that press freedom has been squeezed in recent years, documenting multiple cases in which critical journalists and news editors were dismissed, and pointing to a libel suit against an outspoken editor filed by a telecommunications corporation that Thaksin founded.<sup>18</sup> Shin Corporation, Thaksin's family company, bought the only independent television station; the others are owned by the government and armed forces.<sup>19</sup> Human Rights Watch claims that Thaksin has stifled criticism from the media of his Administration's controversial policies, such as the deaths of over 2,000 individuals in the government-sponsored "war on drugs."<sup>20</sup>

## **U.S.-Thailand Political and Security Relations**

### **A Long-Standing Southeast Asian Ally**

The military coup and subsequent suspension of military aid by the United States threatens to derail the strong bilateral defense relationship. Resumption of military ties will likely depend on how quickly the military rulers fully restore democratic rule. Several of the programs listed below have been suspended under Section 508 of the Foreign Operations Appropriations Act (P.L. 109-102). (See U.S. Response section.)

The 1954 Manila Pact of the former Southeast Asia Treaty Organization (SEATO), together with the 1962 Thanat-Rusk communique, forms the basis of the long-standing U.S.-Thai security relationship. Although SEATO was dissolved in 1977, Article IV (1) of the Manila Pact, which calls for signatories to "act to meet the common danger" in the event of an attack in the treaty area, remains in force.

<sup>15</sup> "Thaksin's Way - Thailand's Election," *The Economist*. February 5, 2005.

<sup>16</sup> "Thailand Risk: Alert — Corruption May Still Go Unchecked," *Economist Intelligence Unit*, July 19, 2004.

<sup>17</sup> "One Party Rule: Opposition Does Not Need to Be Strong, Says PM," *The Nation* (Bangkok), August 10, 2004.

<sup>18</sup> "Rights Group Says Libel Suit Deepens Assault on Thailand's Media," *Agence France Press*, August 31, 2004.

<sup>19</sup> "Thai Vote: Democratic Backslide?" *Christian Science Monitor*. February 4, 2005.

<sup>20</sup> "Thailand: Libel Suit Deepens Assault on the Press," *Human Rights Watch*. September 1, 2004.

Thailand is considered to be one of the major U.S. security allies in East Asia, along with Japan, South Korea, Australia, Singapore and the Philippines.

The U.S. security relationship with Thailand has a firm historical foundation based on joint efforts in the Korean War, the Vietnam War, and the 1991 Persian Gulf War. Thailand sent more than 6,500 troops to serve in the United Nations Command during the Korean War, where the Thai force suffered over 1,250 casualties.<sup>21</sup> A decade later, the United States staged bombing raids and rescue missions over North Vietnam and Laos from Thailand. During the Vietnam War, up to 50,000 U.S. troops were based on Thai soil, and U.S. assistance poured into the country to help Thailand fight its own domestic communist insurgency.<sup>22</sup> Thailand also sent troops to South Vietnam and Laos to aid the U.S. effort. The close security ties continued throughout the Cold War, with Thailand serving as solid anti-Communist ally in the region. More recently, Thai ports and airfields played a crucial role in maintaining the flow of troops, equipment, and supplies to the theater in both the 1991 and 2003 Iraq wars.

Thailand served as the logistics hub for much of the U.S. and international relief effort after the 2004 Indian Ocean tsunami. U.S. relief operations by air and sea for the entire region were directed out of Utapao air base and Sattahip naval base. Thailand's government immediately granted full U.S. access to the bases following the disaster.

**Support for Recent U.S. Operations.** Thailand has strengthened its partnership with the United States by contributing troops to two American military operations and the broader war on terrorism since the September 11, 2001 attacks. Thailand sent 130 soldiers, largely engineers, to Afghanistan to participate in the reconstruction phase of Operation Enduring Freedom. Thai forces were responsible for the construction of a runway at Bagram Airbase, medical services, and some special forces operations.<sup>23</sup> Although Thailand remained officially neutral during the U.S.-led invasion of Iraq, it contributed to reconstruction efforts in Iraq by dispatching over 450 troops, including medics and engineers, to the southern city of Karbala. The deployment proved unpopular with the Thai public, particularly after the deaths of two soldiers in December 2003. In spring 2004, Thaksin threatened to withdraw the troops early if the security situation continued to disintegrate and resisted U.S. calls to postpone the withdrawal until after the January 2005 Iraqi elections. The withdrawal was completed in September 2004.

Thailand reportedly also provided a “black site” where U.S. Central Intelligence Agency officials were allowed to secretly hold suspected terrorists. According to

<sup>21</sup> See [<http://korea50.army.mil/history/factsheets/allied.shtml>] (official public access website for Department of Defense Commemoration of the 50th anniversary of the Korean War).

<sup>22</sup> *The Eagle and the Elephant: Thai-American Relations Since 1833* (Bangkok: U.S. Agency for International Development, 1997).

<sup>23</sup> “Thai Soldiers Help Rebuild Afghanistan,” *The Nation* (Thailand), July 4, 2003.

press reports, two major Al Qaeda figures captured in Pakistan were flown to Thailand for interrogation by U.S. officials.<sup>24</sup>

**U.S.-Thai Partnership Elevated.** In October 2003, President Bush designated Thailand as a “major non-NATO ally,” a distinction which allows more access to U.S. foreign aid and military assistance, including credit guarantees for major weapons purchases.<sup>25</sup> An agreement concluded with the United States in July 2001 allows Thailand to purchase advanced medium-range air-to-air missiles for its F-16 fighters, a first for a Southeast Asian state.<sup>26</sup> Thaksin also authorized the reopening of the Vietnam-era U.S. airbase in Utapao and a naval base in Sattahip, from which the U.S. military can logistically support forces in Afghanistan and the Middle East.

**Asia Pacific Military Transformation.** The U.S. Department of Defense initiative to transform and realign the U.S. military around the globe provides potential opportunities for increased security cooperation with Thailand. Pentagon planners are breaking with the quantitative assurance of keeping 100,000 troops on the ground in East Asia in favor of a more mobile, capability-based force. In the past few years, U.S. military planners have emphasized a “places, not bases” concept in Southeast Asia in which U.S. troops can temporarily use facilities for operations and training, without maintaining a lengthy and costly permanent presence. In a State Department press release, a senior Defense Department official points to cooperation with Thailand as an example of the military’s new approach, citing the annual Cobra Gold exercises.<sup>27</sup> Facilities used by the U.S. military in Thailand fall under the Pentagon’s “cooperative security location” (CSL) concept, in which host countries provide access in exchange for upgrades and other aid.<sup>28</sup>

## Bilateral Security Cooperation

**Security Assistance.** The United States has provided funds for the purchase of weapons and equipment to the Thai military through the Foreign Military Financing (FMF) program. As a major non-NATO ally, Thailand also qualifies for the Excess Defense Articles (EDA) program, which allows for the transfer of used U.S. naval ships and aircraft. The United States faces stiff competitors in the market for foreign military sales in Thailand, particularly because other countries are more willing to engage in barter trade for agricultural products.

<sup>24</sup> “CIA Operates Secret Prisons Outside U.S.,” *Wall Street Journal Asia*. November 2, 2005.

<sup>25</sup> Under section 517 of the Foreign Assistance Act of 1961, the President can designate a non-North Atlantic Treaty Organization state as a major ally for the purposes of the Foreign Assistance Act and the Arms Export Control Act.

<sup>26</sup> Limaye, Satu P. “Minding the Gaps: The Bush Administration and U.S.-Southeast Asia,” *Contemporary Southeast Asia*, vol. 26, no. 1 (Apr. 2004).

<sup>27</sup> “U.S. to Transform Military in Parallel with Allies — Capabilities Will Be Emphasized Instead of Numbers of Troops,” *State Department Press Releases and Documents*. August 16, 2004.

<sup>28</sup> Kaplan, Robert D., “How We Would Fight China,” *The Atlantic Monthly*. June 2005.

**Military Exercises.** Thailand and the United States have conducted over 40 joint military exercises a year, including Cobra Gold, America's largest combined military exercise in Asia. The May 2006 drill featured over 7,800 troops from the United States and 4,200 from Thailand. Singapore, Japan, and Indonesia also participated in a simulation of a U.N. multi-national peace-keeping operation.

**Training.** Tens of thousands of Thai military officers, including many of those in top leadership positions throughout the services and in the civilian agencies, have received U.S. training under the International Military Education and Training (IMET) program.<sup>29</sup> Designed to enhance the professionalism of foreign militaries as well as improve defense cooperation with the United States, the program is regarded by many as a relatively low-cost, highly effective means to achieve U.S. national security goals. Until the suspension of aid in September 2006, Thailand was among the largest recipients of IMET funding in the world.

**Intelligence.** Intelligence cooperation between Thailand and the United States reportedly increased markedly after the September 11, 2001 attacks, culminating in the establishment of the Counter Terrorism Intelligence Center (known as the CTIC) in 2001. The CTIC, which combines personnel from Thailand's intelligence agency and specialized branches of the military and armed forces, provides a forum for CIA personnel to work closely with their Thai counterparts, sharing facilities and information daily, according to reports from Thai security officials.<sup>30</sup> Close cooperation in tracking Al Qaeda operatives that passed through Thailand reportedly intensified into active pursuit of suspected terrorists following the 9/11 strikes.<sup>31</sup> The most public result of enhanced coordination was the arrest of suspected Jemaah Islamiyah leader Riduan Isamuddin, also known as Hambali, outside of Bangkok in August 2003. Other intelligence cooperation focuses on counter-narcotics or specialized military intelligence.

**Law Enforcement.** In 1998, the International Law Enforcement Academy (ILEA) Bangkok was established to provide legal training for officials to combat transnational crime.<sup>32</sup> The center is open to government officials from any Southeast Asian country, with the exception of Burma (Myanmar), and had trained nearly 3,900 participants by December 2004. ILEA Bangkok aims to enhance law enforcement capabilities in each country, as well as to encourage cross-border cooperation. Instruction for the courses is provided largely by the Royal Thai Police, the Thai Office of the Narcotics Control Board, and various U.S. agencies, including the Diplomatic Security Service, the Federal Bureau of Investigation, the Drug

<sup>29</sup> In 1997, over 20,000 had received IMET training. See *The Eagle and the Elephant*, p. 143.

<sup>30</sup> Crispin, Shawn, and Leslie Lopez, "U.S. and Thai Agents Collaborate in Secret — Cold-War-Style Alliance Strikes Jemaah Islamiyah Where It Least Expects It." *Asian Wall Street Journal*, October 1, 2003.

<sup>31</sup> Ibid.

<sup>32</sup> ILEA-Bangkok is one of four ILEAs in the world. The others are located in Hungary, Botswana, and Roswell, New Mexico.

Enforcement Agency (DEA), the Department of Homeland Security, and the Internal Revenue Service.<sup>33</sup>

**Counter-Narcotics.** Counter-narcotics cooperation between Thailand and the United States has been extensive and pre-dates the foundation of ILEA-Bangkok. Coordination between the DEA and Thailand's law enforcement agencies, in conjunction with a mutual legal assistance treaty and an extradition treaty, has led to many arrests of international drug traffickers. Specialized programs include the establishment of Task Force 399, in which U.S. Special Forces train elite Thai units in narcotics interdiction tactics.<sup>34</sup>

## Human Rights Concerns

Some members of Congress and other U.S. officials have criticized Thailand's record on human rights. The 2005 U.S. State Department Human Rights Report states that security forces continued to use excessive, lethal force against criminal suspects and committed or were connected to numerous extrajudicial, arbitrary, and unlawful killings.<sup>35</sup> Thailand has neither signed the United Nations Convention Against Torture nor joined the International Criminal Court. Human rights activists are particularly critical of Thaksin's 2003 anti-narcotics campaign, in which over 2,000 suspected drug dealers were killed, according to press reports.

Concern by international human rights groups regarding abuse of criminal suspects by Thai police forces has been exacerbated by the crackdown on Muslim militants in the southern provinces since early 2004. Human rights groups have particularly cited the disappearance of Somchai Neelapaijit, a prominent Muslim human rights lawyer, in March 2004.<sup>36</sup> The emergency decree on administrative rule announced in summer 2005 alarmed international rights groups further: the United Nations Human Rights Committee, among others, has voiced concern that the executive order and other developments were undermining Thailand's democratic process and human rights record.<sup>37</sup>

## U.S.-Thailand Trade and Economic Relations

Thailand, like many other countries in the region, saw its economy devastated by the 1997 Asian financial crisis. With loan and policy assistance from the International Monetary Fund, Thailand has recovered substantially, although other

<sup>33</sup> Course information from [<http://www.ileabangkok.com>].

<sup>34</sup> Chambers, Paul, "U.S.-Thai Relations After 9/11: A New Era in Cooperation?" *Contemporary Southeast Asia*, Vol. 26, Issue 3. December 2004.

<sup>35</sup> *Thailand Country Report on Human Rights Practices 2005*, accessible at [<http://www.state.gov/g/drl/rls/hrrpt/2005/61628.htm>].

<sup>36</sup> See Human Rights Watch report, at [<http://hrw.org/english/docs/2004/03/17/thaila8127.htm>].

<sup>37</sup> See the Office of United Nation High Commissioner for Human Rights website at [<http://www.ohchr.org/english/>].

setbacks such as the Severe Acute Respiratory Syndrome (SARS) outbreak have hurt progress. GDP growth is forecast to decline slightly to 4.2% in 2006 from 4.5% in 2005, but, if the political situation stabilizes, growth is expected to increase to 4.8% in 2007.<sup>38</sup> As a major recipient of foreign direct investment, and with merchandise exports making up over half of its GDP, Thailand's economy depends heavily on its trading partners.

Economic relations with the United States are central to Thailand's outward-looking economic strategy.<sup>39</sup> In 2005, the United States was Thailand's second largest export market and its fifth largest supplier of imports. According to the U.S. Department of Commerce, the United States invested \$8.6 billion in Thailand in 2005 and over 95,000 Thai nationals are on the payrolls of U.S. majority-owned foreign affiliates.<sup>40</sup> In 2005, bilateral trade in goods totaled \$25 billion, making the U.S. Thailand's fourth largest trade partner after ASEAN, Japan, and the E.U.

## A Difficult Road for U.S.-Thailand FTA Negotiations

FTA negotiations were suspended by Thailand since the political crisis erupted in April 2006. Following the coup, U.S. officials said that the FTA could not go forward without a return to democratic rule. Although studies indicate that a U.S.-Thailand FTA would increase trade and investment for both countries and yield net benefit for Thailand, negotiations must address a list of challenging issues to reach a successful conclusion. The agreement sought by the United States is the most comprehensive of the multiple FTAs Thailand has attempted; the agenda includes issues such as intellectual property rights, investment, environment, labor rights, textiles, telecommunications, agriculture, electronic commerce, and government procurement.<sup>41</sup> In the six rounds of talks held, market access for sugar, rice, and trucks are among the thorniest of the differences between the two sides. Further, some sources have speculated that Thaksin launched negotiations without consulting adequately with the bureaucracies in charge of the controversial areas. The sixth round of negotiations in Chiang Mai, Thailand, in January 2006 were marked by slow progress, disruptions by thousands of protestors, and the resignation of the chief Thai negotiator following the meetings. Even before the suspension of talks, many analysts said that the prospects for an FTA were severely diminished.

## An Aggressive FTA Strategy

Until the political turmoil of 2006, Thailand was aggressively pursuing FTAs with countries other than the United States in its campaign to expand trading opportunities. Agreements have been signed with Bahrain, China, Peru, Australia,

<sup>38</sup> "Thailand: Plagued by Politics," *Economist Intelligence Unit*. September 18, 2006.

<sup>39</sup> See CRS Report RS21478, *Thailand-U.S. Economic Relations: An Overview*, by Wayne M. Morrison.

<sup>40</sup> U.S. Department of Commerce, Bureau of Economic Indicators, accessed at [<http://www.bea.gov>].

<sup>41</sup> "Ives to Leave USTR to Take Position in Medical Trade Association," *Inside U.S. Trade*, July 16, 2004.

and India; negotiations for the largest FTA to date were concluded with Japan, but there have been delays in signing the document. Further deals are possible with New Zealand, South Korea, Chile, and the European Union (EU). Thailand has championed ASEAN regionalism, seeing the ASEAN Free Trade Area (AFTA, among ASEAN countries only) as a vehicle for investment-driven integration which will benefit Thailand's outward-oriented growth strategy.<sup>42</sup> Many observers see Thailand's pursuit of FTAs as an indication of its shift away from a multilateral approach, such as working through the World Trade Organization (WTO), and toward a bilateral or regional approach.

## **Thailand in Asia**

Although the coup's impact has so far spared Thailand of any widespread violence or precipitous economic losses, there are concerns about longer-term repercussions for Southeast Asia. Thailand is important to the region because of its strong economy and, until the coup, its relatively longstanding democratic rule. Regional observers fear that the loss of Thailand as a stabilizing presence could hurt democratic efforts in Indonesia, Malaysia, the Philippines, and elsewhere. Southeast Asia is considered by many Asian experts to be a key arena of soft power competition between the United States and China: the loss of a democratic government, as well as any resulting friction with the United States, could be considered an opening for closer Sino-Thai relations. On the other hand, Thaksin was an ardent supporter of establishing a closer economic and political relationship with Beijing.

The clout of the Association of Southeast Asian Nations (ASEAN) may be affected as well. Thailand was a founding member of ASEAN, and, previous to his political troubles, Thaksin was considered to be poised to provide crucial leadership for the organization. Thailand has been an aggressive advocate of increased economic integration in the region: Singapore and other developed economies may fear that any domestic weakening in Thailand could set back those efforts as well. On the international stage, former deputy prime minister of Thailand Surakiart Sathirathai had launched a strong campaign to become the next secretary-general of the United Nations (UN). Although ASEAN countries have declared their continued support for him, most observers think his chances — and the chance for ASEAN to gain greater global recognition at the UN — were derailed by the coup.

## **Growing Ties with China**

Chinese-Thailand ties strengthened considerably under Thaksin's leadership. Thaksin came to power promoting a business-oriented, engagement approach toward the rest of Asia that de-emphasized human rights and democracy.<sup>43</sup> Even while re-

<sup>42</sup> Chirathivat, Suthiphand, and Sohitorn Mallikamas, "Thailand's FTA Strategy: Current Developments and Future Challenges," *ASEAN Economic Bulletin*, vol. 21, no. 1 (Apr. 2004).

<sup>43</sup> Chambers, Paul, "U.S.-Thai Relations After 9/11: A New Era in Cooperation?"  
(continued...)

asserting its alliance with the United States, Thailand has continued to court China, including signing agreements on technology, environmental protection, and strategic cooperation. In addition, the government has denied visas to a group of Taiwanese legislators, a decision which Thaksin defended based on Thailand's close ties to China.<sup>44</sup> Military-to-military ties have also increased through both exchanges and arms sales: China exports major weapons and military equipment to Thailand, continuing a practice originating in the 1980s when both countries supported Cambodian resistance groups, including the Khmer Rouge, against the Vietnamese-installed government in Phnom Penh.<sup>45</sup>

Trade has boomed between Thailand and China: in 2005 bilateral trade totaled over \$20 billion, with Chinese exports of \$7.8 billion and imports of \$14.0 billion.<sup>46</sup> A limited free trade agreement covering mostly agricultural goods but with tariff reductions on industrial products has been in place since 2003. Both countries have aggressively promoted the Greater Mekong Subregion (GMS) Economic Zone by pursuing joint infrastructure projects that link Thailand with China's Yunnan province.<sup>47</sup> In May 2005, Thailand demonstrated its commitment to implement promptly the ASEAN-China Free Trade Agreement (ACFTA, among China and ASEAN countries) by announcing it would open four new consulates in China.<sup>48</sup>

Thailand's strong relationship with China is based on a history far less antagonistic than Beijing's past with many other ASEAN countries. After the U.S. withdrawal from Vietnam, Bangkok pursued a strategic alignment with Beijing in order to contain Vietnamese influence in neighboring Cambodia. Bangkok restored diplomatic ties with Beijing in 1975, far before other Southeast Asian nations. Thailand also has no territorial disputes with China in the South China Sea, unlike Malaysia, Vietnam, and the Philippines. The sizeable overseas Chinese population in Thailand assimilated relatively easily and became a strong presence in the business world, and eventually in the political arena as well. Thaksin himself is a member of a prominent Sino-Thai family. Thai companies were among the first to explore investment opportunities after the Chinese economy opened up in the late 1970s, pursuing ventures with China's state-run enterprises. As other regional powers tentatively began to explore commercial relationships with China, investment from

<sup>43</sup> (...continued)

*Contemporary Southeast Asia*, Vol. 26, Issue 3. December 2004.

<sup>44</sup> "Thai Visa Refusal Aids Strains to Ties with Taiwan," *Financial Times*, January 22, 2003.

<sup>45</sup> See R. Bates Gill, "China Looks to Thailand: Exporting Arms, Exporting Influence." *Asian Survey*, Vol. 31, No. 6. June 1991.

<sup>46</sup> Global Trade Atlas Navigator, using Chinese data. Accessed at [<http://www.gatis.com>].

<sup>47</sup> Masviriyakul, Siriluk, "Sino-Thai Strategic Economic Development in the Greater Mekong Subregion. *Contemporary Southeast Asia*, Vol. 26, Issue 2. August 2004.

<sup>48</sup> Montaperto, Ron, "China-Southeast Asia Relations: Dancing with China." *Comparative Connections*, July 2005.

Sino-Thai companies flourished in the 1990s, fueling a rebirth of interest in Chinese language and culture in Thailand.<sup>49</sup>

Given the simultaneous emphasis on building close relationships with the United States and China, Thailand's foreign policy could be construed as a classic hedging strategy designed to avoid dominance by any one power. Some analysts suggest that Bangkok's embrace of China indicates a slow move away from the Cold War reliance on the United States, despite enhanced cooperation in the war on terrorism, and could be an indicator of how Southeast Asia will deal with China's increasing influence.<sup>50</sup>

## **Divergence with United States on Burma (Myanmar) Policy**

Bangkok's approach toward Burma has long been seen as conflicting with U.S. policy. While the United States has pursued strict economic and diplomatic sanctions against the regime, Thailand has led ASEAN's "constructive engagement" initiative, which favors integration and incentives to coax Burma into reform.<sup>51</sup> For Thailand, this policy minimizes the danger of a large-scale military struggle and expands Thai business opportunities in Burma.

Thailand's relationship with Burma grew closer under Thaksin's administration. During the 1990s, Thailand voiced harsh criticism of the military junta ruling Burma, particularly its crackdown on the National League for Democracy, the opposition party led by democratic activist Aung San Su Kyi. Thailand also has chafed at the huge inflow of illegal drugs from Burma. But the Thaksin government placed special emphasis on maintaining normal relations with Burma, even as European countries tightened sanctions and other Southeast Asian countries distanced themselves from Rangoon. In December 2004, Thaksin called the continued detention of Aung San Su Kyi "reasonable," prompting angry reactions from some U.S. lawmakers and Administration officials. Critics have also questioned whether Thaksin's engagement with Burma was driven by his own commercial interests: Shin Corp, his family's telecom company, has secured lucrative contracts to provide Internet service and satellite stations in Burma.<sup>52</sup>

Some congressional leaders also have criticized Bangkok for its treatment of Burmese refugees, migrant workers, and political dissents living in Thailand. Backed by human rights groups' reports, some U.S. lawmakers have leveled charges of arrests and intimidation of Burmese political activists, as well as the repatriation of

<sup>49</sup> Vatikiotis, Michael, "Sino Chic: Suddenly, It's Cool to Be Chinese," *Far Eastern Economic Review*, January 11, 1996.

<sup>50</sup> Vatikiotis, Michael, "Catching the Dragon's Tail: China and Southeast Asia in the 21<sup>st</sup> Century," *Contemporary Southeast Asia*, vol. 25, no. 1 (Apr. 2003).

<sup>51</sup> See CRS Report RS20749, *Burma-U.S. Relations*, by Larry Niksch.

<sup>52</sup> Chambers, Paul, "U.S.-Thai Relations After 9/11: A New Era in Cooperation?" *Contemporary Southeast Asia*, Vol. 26, Issue 3. December 2004.

Burmese who seek political asylum.<sup>53</sup> Congress has passed legislation that provides money to refugees who fled Burma, particularly those in Thailand.<sup>54</sup>

## ASEAN Relations

Thailand's positive engagement with Burma complements its broader strategy of strengthening relations with Southeast Asian countries for economic and political gain. Bangkok has continued to develop strong relations with its Indochina neighbors through infrastructure assistance and other aid. In turn, Vietnam, Laos, and Cambodia provide raw materials, cheap manufacturing, and expanding markets for Thailand. Thaksin also pursued enhanced relations with Singapore based on a common interest in liberalizing trade in the region and with the Philippines centered on a mutual interest in combating terrorism.

Relations with Indonesia and Malaysia are more complex, particularly since the insurgency in the south has become more inflamed. The violence has especially hurt relations with Malaysia. Many of the Muslim Thais are ethnically Malay and speak Yawi, a Malay dialect. Relations with Malaysia were significantly strained after more than 130 Thai Muslims fled across the border into Malaysia in September 2005, seeking asylum and claiming persecution by Thai security forces. Bangkok has demanded their repatriation, but Malaysia instead engaged the United Nations to determine the individuals' refugee status. The Malaysian public has grown increasingly angry at the perceived violence against Muslims in Thailand. This downturn in bilateral relations followed some progress in cross-border cooperation since the violence began: Malaysia had pledged more troops and equipment to increase border security, conducted joint border patrols with Thai counterparts, and agreed to terminate the joint citizenship privileges that some believe facilitate the passage of terrorists across the border.

## Regional Health Issues

**AIDS.** Thailand's relationship with its neighbors is defined by not only traditional security concerns but also by a series of transnational public health issues that have afflicted the region. Thailand was among the earliest and hardest hit by the HIV/AIDS epidemic in the 1990s, with infection spreading rapidly among the sex worker industry with adult HIV/AIDS prevalence rates peaking at about 1.5% in 1996. Rates are now falling, due largely to an extensive prevention campaign focused on managing risk in the sex industry. Cambodia undertook similar measures, but countries such as China and Vietnam are now threatened by equally dangerous outbreaks, providing another potential arena for regional cooperation.<sup>55</sup>

<sup>53</sup> See *Out of Sight, Out of Mind: Thai Policy Toward Burmese Refugees and Migrants*, Human Rights Watch Report, released February 2004.

<sup>54</sup> H.R. 4818, Foreign Operations Appropriations, Section II, Bilateral Assistance.

<sup>55</sup> Kiat Ruxrungtham, Tim Brown, and Praphan Phanuphak. "HIV/AIDS in Asia," *The Lancet*, vol. 364, no. 9428 (July 3-9, 2004).

**SARS.** In addition to its relative success in curbing the spread of AIDS, Thailand has been largely commended by the international health community for its response to outbreaks of the Severe Acute Respiratory Syndrome (SARS) and the avian bird flu. Because of the importance of tourism to Thailand's economy, government officials have, by some accounts, been reluctant to admit a public health problem but have been generally effective once determined to address it. In 2003, seven cases and two deaths from SARS were reported in Thailand, but the kingdom was removed quickly from the World Health Organization's list of at-risk countries in 2003 after taking steps to curb the spread of the virus.

**H5N1 (Avian Flu) Virus.** Among the earliest and hardest hit areas by the avian flu, Thailand has emerged as a leader in fighting the spread of the virus. Sixteen of Thailand's 24 total reported cases have been fatal. After an initially sluggish response, including allegations by the press that government officials covered up evidence of an outbreak,<sup>56</sup> Thai authorities have led the effort to respond to the problem and particularly to facilitate regional cooperation. Considerable economic damage from the virus has spurred Bangkok to address the problem. Thailand's poultry exports, the fourth-largest in the world, bring in over \$1 billion annually.

Thailand has promoted regional cooperation on containing the flu, proposing an ASEAN animal hygienic fund and pledging \$300,000 to start the project. This center would enhance cross-border surveillance and control measures, as well as serve as an information distribution center for all ASEAN countries on the spread of the virus.<sup>57</sup> Thailand also hosts platforms that are cited as key to the U.S. government response; USAID lists two Bangkok-based organizations as crucial implementing partners: the active regional headquarters of FAO and the Center for Disease Control Field Epidemiology Training Program (FETP).<sup>58</sup>

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<sup>56</sup> "Thai Authorities Should Take Strong Action Against Bird Flu," *Bangkok Post* editorial. October 4, 2005.

<sup>57</sup> "Thailand Proposes Regional Bird Flu Control Center," *Thai News Service*. September 27, 2005.

<sup>58</sup> "U.S. Government Emergency Response to Avian Influenza: A Plan of Action for Vietnam, Laos, and Cambodia - Report from Country Planning Visits July 11-24, 2005." United States Agency for International Development.

**Table 1. U.S. Assistance to Thailand 2003-2007**  
(thousands of dollars)

Account	FY2003	FY2004	FY2005	FY2006 estimate	FY2007 request
DF	—	—	—	1,980	—
CSH	1,500	0	0	0	0
DA	1,250	0	0	0	0
ESF	0	0	992	990	0
FMF*	1,990	881	1,488	1,485	1,300
IMET *	1,768	2,572	2,526	2,376	2,370
INCLE	3,700	2,000	1,608	990	900
NADR	200	1,380	1,782	4,301	2,134
Peace Corps	1,818	1,840	2,143	2,190	2,185
PKO*	0	500	0	0	0
Totals	12,226	9,173	10,539	14,312	8,889

**Sources:** U.S. Department of State, USAID.

\*These programs were suspended on September 28, 2006, under Section 508 of the Foreign Operations Appropriations Act (P.L. 109-102).

**Notes:** DF = Democracy Funds; CSH = Child Survival Health; DA = Development Assistance; ESF = Economic Support Funds; FMF = Foreign Military Sales Financing; IMET = International Military Education and Training; INCLE = International Narcotics and Law Enforcement; NADR = Nonproliferation, Anti-Terrorism, Demining, & Related; PKO = Peace-keeping Operations.

**Figure 1. Map of Thailand**

Source: Map Resources. Adapted by CRS. (K.Yancey 3/23/04)